

**IMBABAZANE LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**For the year ended 30 June 2009**

## INDEX

	<b>Page</b>
1 GENERAL INFORMATION	2
2 FOREWORD	3
3 TREASURERS REPORT	4-7
4 ACCOUNTING POLICIES	8-9
5 BALANCE SHEET	10
6 INCOME STATEMENT	11
7 CASH FLOW STATEMENT	12
8 NOTES TO THE FINANCIAL STATEMENTS	13-19
9 APPENDICES TO THE FINANCIAL STATEMENTS	
A - RESERVES AND PROVISIONS	20
B - EXTERNAL LOANS AND INTERNAL ADVANCES	21
C - ANALYSIS OF FIXED ASSETS	22
D - ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2009	23
E - DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009	24
F - STATISTICAL INFORMATION	25

**GENERAL INFORMATION****MEMBERS OF THE EXECUTIVE COMMITTEE**

Cllr. H.E. Dlamini  
Cllr. T.Y. Nqubuka

Mayor  
Deputy Mayor  
Exco

**SPEAKER OF COUNCIL**  
Cllr.S.A.Jiyane

Total number of councilors: 23

**GRADING OF THE LOCAL MUNICIPALITY**  
Grade 2  
(As per councillor remuneration grading)

**AUDITORS**  
The Auditor-General

**BANKERS**  
ABSA - Public Sector, Newcastle

**REGISTERED OFFICE**  
Ntabamhlophe  
Sobabilli Area  
Estcourt, 3310

P.O. Box 750  
Estcourt  
3310

Telephone (036) 353 0625/81/91/93  
Fax (036) 353 6661

**APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

The annual financial statements set out on pages 1 to 22 were approved by the Municipal Manager on 31 August 2009

.....  
**MUNICIPAL MANAGER**

Mr M. M. Ndiela (Effective date: November 2008)

.....  
**CHIEF FINANCIAL OFFICER**

Mr M.T. NKOSI(Effective Date: FEBRUARY 2006)

Councillor H.E. Dlamini

MAYORS FOREWORD

## TREASURER'S REPORT

## 2008/2009 YEAR REVIEW

**Background**

Imbabazane Local Municipality is a grade one Local Municipality within the uThukela District Municipality. It covers six traditional authority areas. The Municipality has been in existence for Eight and the half years and has 12 wards with 23 councillors. The municipality is mainly rural and has no revenue.

**Challenges**

The municipality has successfully implemented the financial management system to keep the financial records. The municipality has no revenue base and it relies on grant funding to finance its programmes.

**Annual Financial Statements and Audit Reports**

Previous year financial statements were submitted on due date , and the municipality has not employed service provider to assist in the compilation of financial statements for 2008/2009 financial year. The internal audit function has been performed during the year

**Summary Financial Review**

Income received for this period has increased compared to the previous financial year. Interest on investment has been recognised.

These financial statements represent the financial performance and operating results of the Imbabazane Local Municipality for the period ending 30 June 2009.

**1. OPERATING RESULTS**

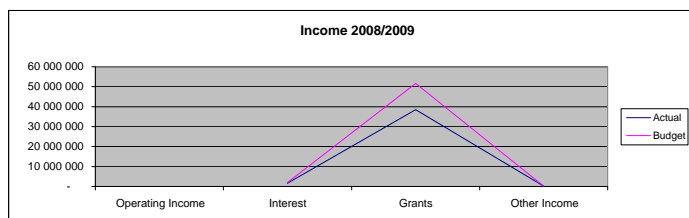
Details of the operating results per department and classification of income and expenditure are included in appendices D and E. The overall operating results for the period ending 30 June 2009 are as follows:

INCOME	Actual 2009 R	Budget 2009 R	Variance Actual/ Budget %	Actual 2008 R	Variance 08 Actual/ 09 Actual %
Operating income for the period	40 378 799	53 681 931	-24.8%	54 200 710	-25.5%
Closing deficit	-	-	-	-	-
	<b>40 378 799</b>	<b>53 681 931</b>		<b>54 200 710</b>	
<b>EXPENDITURE</b>					
Expenditure for the period	40 286 816	53 681 931	-25.0%	54 563 528	-26.2%
Closing Surplus	91 983			(362 818)	
	<b>40 378 799</b>	<b>53 681 931</b>		<b>54 200 710</b>	

## 2. INCOME

Details of income per department and classification are included in appendix D.

	Actual 2009	Budget 2009	Variance Amount	2009 Variance %
Operating Income	1 662 935	1 847 723	-184 788.48	
Interest	38 516 058	51 701 208	-13 185 150.29	-25.5%
Grants	199 807	133 000	66 806.80	
Other Income				
	<b>40 378 799</b>	<b>53 681 931</b>	<b>-13 303 131.97</b>	<b>-24.8%</b>



### 2.1 Grants and Subsidies

(See Appendix A and D for more information)

### 2.2 Operating Income

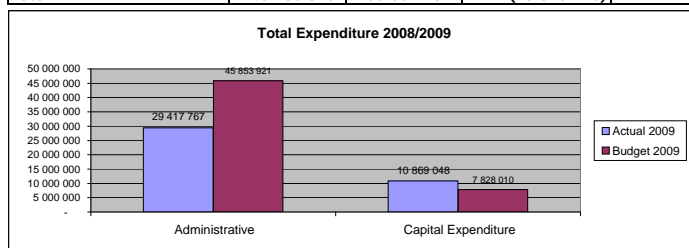
(Refer to Appendix D for more details).

## 3. EXPENDITURE

### 3.1 Total Expenditure

Details of income department and classification are included in appendix D.

	Actual 2009	Budget 2009	2009 Variance Amount	2009 Variance %
Administrative	29 417 767	45 853 921	(16 436 154)	-35.84%
Capital Expenditure	10 869 048	7 828 010	3 041 038	0.00%
Total	<b>40 286 816</b>	<b>53 681 931</b>	<b>(13 395 115)</b>	<b>-24.95%</b>



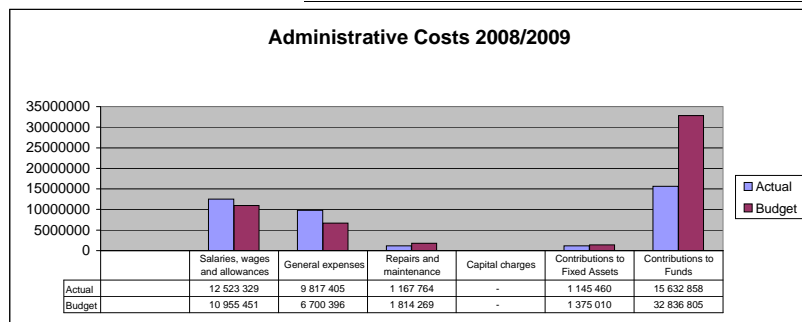
### 3.2 Administrative Expenditure

Administrative expenditure for the period are as follows:

	Actual 2009	Budget 2009	Variance 2 009	Variance % 2009
<b>Administrative</b>	<b>29 417 767</b>	<b>45 853 920</b>	<b>-16 436 153</b>	<b>-35.84%</b>

Administrative expenditure as per classification are as follows:

	2009 Actual	2009 Budget	2 009 Variance	2 009 Variance %
Salaries, wages and allowances	12 523 329	10 955 451	1 567 878	14.31%
General expenses	9 817 405	6 700 396	3 117 009	46.52%
Repairs and maintenance	1 167 764	1 814 269	(646 505)	-35.63%
Capital charges	-	-	-	0.00%
Contributions to Fixed Assets	1 145 460	1 375 010	(229 550)	-16.69%
Contributions to Funds	15 632 858	32 836 805	(17 203 947)	-52.39%
	<b>40 286 816</b>	<b>53 681 931</b>	<b>(13 395 115)</b>	<b>(0)</b>



### 4. CAPITAL EXPENDITURE (FIXED ASSETS)

The expenditure on fixed assets incurred during the year amounted to R 10,869,048 which consisted mainly of Civic Buildings, Vehicles Equipment.

Details are reflected in Appendix C

Resources used to finance the fixed assets were as follows:

Contributions from operating income	10 869 048
Revenue	10 869 048
	<u>-</u>

## 5. EXTERNAL LOANS, INVESTMENTS AND CASH

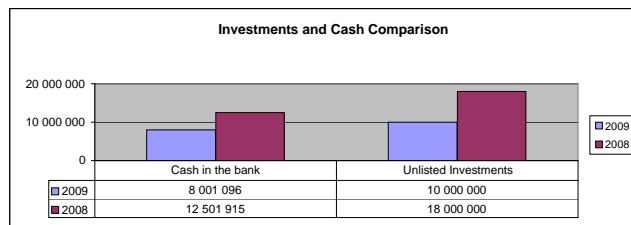
### 5.1 External loans

No external loans were taken up for the municipal functions during the period and none were transferred from uThukela District. Details of external loans are included in appendix A.

### 5.2 Investments and Cash

All available cash was held in Council's Bank account at 30 June 2009 amounting to (refer to notes 7 and 20 for more details):

	2009	2008	Change %
Cash in the bank	8 001 096	12 501 915	-36%
Unlisted Investments	10 000 000	18 000 000	-44%
	<u>18 001 096</u>	<u>30 501 915</u>	



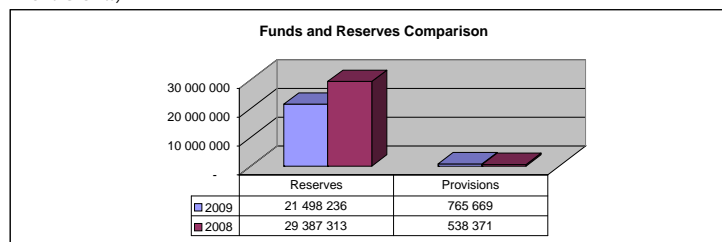
There were no withdrawals during the year.

## 6. FUNDS AND RESERVES

Funds reserves and provisions may be summarized as follows:

	2009	2008	Change %
Reserves	21 498 236	29 387 313	-27%
Provisions	765 669	538 371	42%
	<u>22 263 905</u>	<u>29 925 684</u>	

Trust fund (Government Grants)



## 7. GOING CONCERN

In management's view the Imbabazane Local Council will be in continuous existence in the foreseeable future and expected to uplift standard of living within it's area of operation. But it should be noted that this Municipality is depending on grants from government at the moment.

## EXPRESSION OF APPRECIATION

I wish to thank the Mayor, members of the Executive Committee, Councillors, the Municipal Manager, Heads of Departments and especially the staff in the financial department for the support they have given me.

**M.T NKOSI**  
Chief Financial Officer  
Imbabazane Municipality



## IMBABAZANE MUNICIPALITY

## ACCOUNTING POLICIES

## FOR THE YEAR ENDED 30 JUNE 2009

**1 BASIS OF PRESENTATION**

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting
- 1.3 The financial statements are prepared on the accrual basis as stated:
- (i) Income is accrued when available to finance operations. Certain direct income is accrued when received and /or when the amount can be measured with certainty.
  - (ii) Expenditure is accrued in the year it is incurred.
- 1.4 All amounts disclosed in these Financial Statements are rounded off to the nearest Rand, but actual amounts were used in the

**2 CONSOLIDATION**

No consolidated financial statements have been prepared for the year under review.

**3 FIXED ASSETS**

- 3.1 *Fixed assets are stated:*
- (i) at historical cost, or
  - (ii) at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Chief Financial Officer.
- 3.2 *Depreciation*
- The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:
- (i) Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
  - (ii) Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other capital Receipts" account.
- 3.3 Fixed assets are financed from different sources, including external loans, operating income and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

**4 STOCK**

Stock is purchased on a need basis, and the balance on hand at year end is accounted for as expenditure.

## **5 FUNDS AND RESERVES**

### *5.1 Leave Provision*

A provision equal to the actual leave credit as at 30 June 2009 is maintained to provide for leave payments on request. Contributions are made from the operating account.

### *5.2 Bad Debt Provision*

Bad debts have not been provided for in the annual financial statements.

## **6 RETIREMENT BENEFITS**

Imbabazane Municipality and its employees contribute to the Natal Joint Municipal Pension Fund or the KwaZulu-Natal Joint Municipal Provident Fund which provides retirement benefits to such employees. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No. 24 of 1973) and in accordance with the requirements of the Pensions Fund Act, 1956. Current contributions are charged against operating income on the basis of current service costs.

Full actuarial valuations are performed at least every three years. The last valuation was done on 31 March 2008.

## **7 LEASED ASSETS**

Leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

## **8 INVESTMENTS**

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested in securities as prescribed by section 125 of the Local Authorities Ordinance, 1974 (Ordinance No. 25 of 1974) and section 10G(9) of the Local Government Transition Act, 1993 (Act No. 209 of 1993).

## **9 INCOME RECOGNITION**

### *9.1 Grant income*

Grant income is recognised on receipt thereof.

## **10 SURPLUSES AND DEFICITS**

The Unappropriated Surplus is maintained as an Operating cash reserve, to fund expenditure during the financial year, prior to the collection of revenue.

It may also be utilised to fund projects that the council may deem necessary to fund.

## IMBABAZANE MUNICIPALITY

## BALANCE SHEET AS AT 30 JUNE 2009

	Notes	2009 R	2008 R
<b>CAPITAL EMPLOYED</b>			
<b>FUNDS AND RESERVES</b>		<b>21 498 236</b>	<b>29 387 313</b>
Reserves	1	21 498 236	29 387 313
<b>RETAINED SURPLUS</b>	9	<b>56 506</b>	<b>3 825 993</b>
		21 554 743	33 213 306
<b>LONG TERM LIABILITY</b>	14	<b>-</b>	<b>-</b>
		<b>21 554 743</b>	<b>33 213 306</b>
<b>EMPLOYMENT OF CAPITAL</b>			
<b>FIXED ASSETS</b>	2	<b>-</b>	<b>-</b>
<b>INVESTMENTS</b>	8	<b>10 000 000</b>	<b>18 000 000</b>
		10 000 000	18 000 000
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<b>11 554 743</b>	<b>15 213 305</b>
<b>CURRENT ASSETS</b>		<b>12 519 046</b>	<b>15 756 213</b>
Inventory		-	-
Current Debtors	3	4 517 950	3 254 298
Cash resources	13	8 001 096	12 501 915
<b>CURRENT LIABILITIES</b>		<b>964 303</b>	<b>542 908</b>
Provisions	4	765 669	538 371
Current Portion of Long Term Liability	14	-	-
Creditors	6	198 634	4 537
		<b>21 554 743</b>	<b>33 213 305</b>
0			

**INCOME STATEMENT FOR THE YEAR  
ENDED 30 JUNE 2009**

2008 Actual income	2008 Actual expenditure	2008 Surplus / (Deficit)	2008 Budget Surplus / (Deficit)		2009 Actual income	2009 Actual expenditure	2009 Surplus / (Deficit)	2009 Budget Surplus / (Deficit)
R	R	R	R		R	R	R	R
42 214 058	40 459 710	1 754 348	362 817	<b>GENERAL SERVICES</b>	40 378 799	40 286 816	91 983	(91 983)
42 214 058	40 459 710	1 754 348	362 817	- Community Services	40 378 799	40 286 816	91 983	(91 983)
-	-	-	-	- Subsidised Services	-	-	-	-
-	-	-	-	- Economic Services	-	-	-	-
-	-	-	-	<b>TRADING SERVICES</b>	-	-	-	-
-	-	-	-	- Trading Services	-	-	-	-
42 214 058	40 459 710	1 754 348	362 817	<b>TOTAL</b>	40 378 799	40 286 816	91 983	(91 983)
		(508 661)		<b>Appropriations for this period</b>			(3 861 470)	
				(refer to note 9)				
		1 245 687		<b>Net deficit for the period</b>			(3 769 487)	
		2 580 306		<b>Accumulated surplus beginning of the period</b>			3 825 993	
		3 825 993		<b>ACCUMULATED SURPLUS AT THE END OF THE PERIOD</b>			56 506	

(Refer to appendix D and E for more detail)

(Refer to appendix D and E for more detail)

## IMBABAZANE MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR

ENDED 30 JUNE 2009

	Note	2009 R	2008 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		<b>(1 631 772)</b>	<b>15 127 578</b>
Cash generated by operations	10	(2 225 151)	11 337 104
Investment Income	8	1 662 935	2 406 641
Decrease in working capital	11	(1 069 555)	1 383 831
		(1 631 772)	15 127 577
Less: External interest paid		-	-
Cash utilised by operations		(1 631 772)	15 127 577
Contributions from Public or Government		-	-
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>	2	<b>(10 869 048)</b>	<b>(7 341 565)</b>
Investment in Fixed Assets		(10 869 048)	(7 341 565)
<b>NET CASH FLOW</b>		<b>(12 500 820)</b>	<b>7 786 010</b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
Increase/ (Decrease) in long-term Loans	14	-	(593 868)
(Increase)/ Decrease in Cash Investments	12	8 000 000	(17 408 248)
Increase/ (Decrease) in Deposits		-	-
(Increase)/ Decrease in Cash	13	4 500 819	10 216 106
<b>NET CASH GENERATED</b>		<b>12 500 819</b>	<b>(7 786 010)</b>

## IMBABAZANE MUNICIPALITY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>1. RESERVES</b>		
FREE BASIC SERVICES	12 830	12 830
LEDF	14 959	15 231
LUMS GRANT	513 210	513 210
LEDF	5	5
MINI FACTORY	5 277	5 277
FREE BASIC ELECTRICITY	93 274	485 430
MAP	70 281	113 468
ROAD PROJECTS	1 961	1 961
MAYORAL INAUGURATION	0	0
CDW	262	262
PMS	64	64
FINANCIAL INTERNS	11 540	46 518
ENVIRONMENTAL PLANNING	0	0
CROSS SECTORIAL THEM	0	0
PROPERTY RATES ACT	276 330	195 782
HALLS MAINTANANCE	0	0
LOW COST HOUSING	800 000	0
CCI	0	0
COMMUNITY PROJECTS	21 820	31 453
SPORTS AND RECREATION	153 959	0
SPATIAL PLANNING	0	0
KZN PANEL SUPPORT	72 960	185 960
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	531 823	5 965 393
SOCIAL SERVICES	36	0
CRIME AWARENESS	0	0
YOUTH/GENDER	0	0
HIV/AIDS AWARENESS	50 000	0
SCHOOL SUPPORT	0	0
LIBRARY	25 785	352 248
MUNICIPAL ESTABLISHMENT	2 094	2 094
GIS	0	0
MFMA	711	45 000
PMS	0	0
LED PROJECTS GUJIMA	0	0
MATHEBENI ROAD	0	0
THAMELA ROAD	500 000	0
HOUSING ZWELISHA/CR	0	0
HOUSING LOCH-SLOY	0	0
HOUSING SOBABILI	0	0
HOUSING GOODHOME	0	0
HOUSING PHANGWENI	0	0
HOUSING MQEDANDABA	0	0
INPUT VAT	0	0
SATELLITE OFFICE	2 550	2 550
IDP GRANT	2 518	2 518
VAT SUSPENSE	0	0
GUJIMA AGRICULTURAL	0	310 502
GUJIMA TOURISM DEV	22 936	22 936
GUJIMA LOCAL ECONOMIC DEVE	0	0
WATER SURVEY	68 694	68 694
SETA	22 030	22 030
GRANT HOUSING	0	256 666
HOUSIGN/CROSS SECTION THEMES	13 935	13 935
MFMA - DTLGA	0	0
MFMA - NATIONAL TREASURY (FINANCIAL INTERNS)	0	0
INTERDEPARTMENTAL MONITORING GRANT	68 915	73 915
FINANCIAL SYSTEM GRANT	91 676	145 931
DEPARTMENT OF HOUSING	30 314	30 314
DBSA	35 000	35 000
CARRY OVER THAMELA ROAC	0	0
CARRY OVER MATHEMBENI ROAD	0	0
DTLGA DEVELOPMENT CAPACITATION GRANT	251 743	251 743

GIS A&L	115 678	136 034
HOUSING ZWELISHA	9 712 822	11 782 116
HOUSING LOCH-SLOY	7 816 386	7 816 386
HOUSING SOBABILI	0	0
HOUSING GOODHOME	83 860	83 860
MPCC OPERATIONAL SUPPORT	0	360 000
UMSOBOMVU	0	
TRUST FUNDS 2	0	0
(Refer to appendix A for more detail)	<b>21 498 236</b>	<b>29 387 313</b>

## 2. FIXED ASSETS

Fixed assets at the beginning of the year	36 476 673	29 135 108
Capital expenditure during the year	10 869 048	7 341 565
Less :Assets written off, transferred or disposed of during the year	607 688	0
Total fixed assets	46 738 034	36 476 673
Less : Loans redeemed and other capital receipts	46 738 033	36 476 673

### Net fixed assets

<b>0</b>	<b>0</b>
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(Refer to appendix "C" and section 2 of the Treasurers Report of more details on fixed assets)

Fixed assets are resources owned by the Council from which future economic benefits are expected to flow. All assets are capitalised. Fixed assets are financed by grants, subsidies and revenue.

Asset additions schedule have been prepared and will be brought into account at the end of the financial year.

## 3. DEBTORS

Sundry debtors	212 844	62 231
Arrears owed by councillors		177 614
Receiver Of Revenue	1 393 619	556 289
Funds and Reserves		
Disposal Debtors	102 500	
Accrued Income - Interest on Investment	46 885	17 502
Salary advance	0	0
uThukela Debtor ( investment & Cash)	2 762 102	2 440 662
<b>Total</b>	<b>4 517 950</b>	<b>3 254 298</b>

## IMBABAZANE MUNICIPALITY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>4. PROVISIONS</b>		
Audit fees	0	0
Leave Pay	765 669	538 371
Performance Bonus	0	0
	<u><b>765 669</b></u>	<u><b>538 371</b></u>
<b>5. CREDITORS</b>		
Sundry Creditor	198 634	4 537
Accruals	0	0
Stale Cheques	0	0
Salaries Suspense	0	0
	<u><b>198 634</b></u>	<u><b>4 537</b></u>
<b>6. Councillors' Allowances and Senior Officials</b>		
Mayor's Allowances	291 967	200 471
Deputy Mayor's Allowance	443 555	288 343
Executive Committee Allowance	113 497	197 812
Speaker Allowance	180 799	209 874
Councillor's Allowance	2 984 502	2 800 736
	0	0
	<u><b>4 014 319</b></u>	<u><b>3 697 236</b></u>
The above allowances includes contributions to Pension Fund, Telephone Allowance, Traveling allowance and contribution for personal use.		
<b>Salaries costs for Senior Officials</b>		
Municipal Manager	254 232	254 232
Chief Financial Officer	107 590	107 590
Corporate Services Manager	262 608	262 608
Technical Services Manager	65 654	65 654
	<u><b>690 084</b></u>	<u><b>690 084</b></u>
<b>7. AUDITORS REMUNERATION</b>		
Paid During the year	203 316	418 846
Prior Year	35 512	35 512
	<u><b>238 828</b></u>	<u><b>454 358</b></u>



## 8. INVESTMENTS

16

Opening balance	18 000 000	591 752
Contribution during the year	-8 000 000	-591 752
Investment made	0	18 000 000
	<u>10 000 000</u>	<u>18 000 000</u>

The investment account comprises a fixed deposit account held with ABSA bank.

Interest Earned	1 662 935	2 406 641
Interest paid	0	0
	<u>1 662 935</u>	<u>2 406 641</u>

## 9. APPROPRIATIONS

### Net Appropriation account

Accumulated surplus/(deficit) at the beginning of the period	3 825 993	2 580 306
Operating deficit/surplus for the period	-3 769 487	1 245 687
Appropriations for the year	-3 769 487	1 245 687
Prior Year adjustments	0	0

### Accumulated surplus at the end of the period

<u>56 506</u>	<u>3 825 993</u>
---------------	------------------

### Operating account

Capital expenditure	10 869 048	7 341 565
Contributions to:	227 298	185 283
- Audit Provision	0	0
- Leave Pay	227 298	185 283
- Performance Bonus	0	0
	<u>11 096 346</u>	<u>7 526 848</u>

## IMBABAZANE MUNICIPALITY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>10. CASH GENERATED BY OPERATIONS</b>		
Net surplus (deficit) for the year	91 983	1 754 347
Adjustment for:		
Appropriations for previous year	-3 861 470	-508 661
Appropriations charged against income	10 869 048	7 341 565
Capital Development fund	0	0
Provisions and reserves		
Fixed Assets	10 869 048	7 341 565
Leave Provisions	0	0
Investment Income	-1 662 935	-2 406 641
Operating income		
Grants and Subsidies	0	0
Operatging Income	0	0
Other Income	0	0
Reserves	0	0
Non operating expenditure	0	0
Other expenditure		
Trust Funds	-7 889 076	4 974 071
Provisions & Reserves	227 298	182 423
Grants		
Sale of Assets	0	0
Operating surplus before working capital changes	<u><u>-2 225 151</u></u>	<u><u>11 337 104</u></u>
<b>11. (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase)/decrease in stock	0	0
(Increase) in debtors	-1 263 652	2 546 884
(Increase)/decrease in deposits	0	0
(Increase) in creditors	194 097	-1 163 053
	<u><u>-1 069 555</u></u>	<u><u>1 383 831</u></u>

**12. (INCREASE)/DECREASE IN INVESTMENTS**

Investment beginning of the year  
Investment end of the year  
Net increases in cash equivalents

18 000 000	591 752
10 000 000	18 000 000
<b>8 000 000</b>	<b>-17 408 248</b>

**13. (INCREASE)/ DECREASE IN CASH ON HAND**

Cash balance beginning of the year

-Cash on hand  
-Cash in bank  
-Cash in bank  
-Cash in bank

12 501 915	22 718 021
1 000	1 000
119 280	120 100
-137	-137
177 840	
12 203 932	22 597 058

Less: Cash balance at the end of the period

-Cash on hand  
-Cash at Bank  
-Cash at Bank  
-Cash at Bank  
-Cash at Bank

8 001 096	12 501 915
1 000	1 000
7 876 631	119 280
-137	-137
130 219	177 840
-6 618	12 203 932
<b>4 500 819</b>	<b>10 216 106</b>

**14. (INCREASE)/DECREASE IN LONG-TERM LOANS (EXTERNAL)**

Loans Raised  
Loans Repaid

0	0
0	593 868
<b>0</b>	<b>-593 868</b>

Current Portion of Long Term Liability

0	0
<b>0</b>	<b>-593 868</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>15. RETIREMENT BENEFITS</b>		
Employees belong to the following funds within the Natal Joint Municipal Pension/Provident Funds which provide retirement benefits to such employees. This is a compulsory benefit.		
(i) Natal Joint Municipal Pension Fund (retirement)		
(ii) Natal Joint Municipal Pension Fund (superannuation)		
(iii) Natal Joint Municipal Pension Fund (provident)		
(iv) Municipal Councillors Pension Fund		
The retirement plan is subject to the Pension Fund Act 1956 with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.		
Full actuarial valuation are performed at least every three years. The latest independent valuation of the funds, which indicated that the funds were in a sound financial position, was undertaken on 31 March 2007.		
Imbabazane Municipality and the employees contribute to the Natal Joint Municipal Pension fund and councilors contributing to Municipal Councilors Pension Fund.		
The percentage contribution on basic salary / allowances are as follows:		
Council		
Staff Members - 18%		
Council		
Councillors		
<b>16. CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
Approved and contracted for	18 202 493	21 667 893
Approved but not yet contracted for	0	0
	<u>18 202 493</u>	<u>21 667 893</u>
This expense will be financed from:		
Contributions ex Revenue	0	0
External sources grants	18 202 493	21 667 893
Contributions to buildings	0	0
	<u>18 202 493</u>	<u>21 667 893</u>
<b>17. CONTINGENT LIABILITY</b>		
At the end of financial year there was a court case still in progress with an estimated cost at the completion of the case of around R70 000.		
<b>18. SOURCE OF GRANT FUNDING</b>		
Grants received for capital expenditure in appendix C was received from Provincial Government to be used for infrastructural programmes, and had been used accordingly.		

## IMBABAZANE MUNICIPALITY

## APPENDIX A

## RESERVES AND PROVISIONS

	Balance at 01/7/2008 R	Contributions during the period R	Interest on investment R	Other income R	Operational expenditure during the period R	Capital expenditure during the year R	Balance at 30/06/2009 R
<b>RESERVES</b>							
FREE BASIC SERVICES	12 830	-	-	-	-	-	12 830
LEDF	15 231	-	-	-	272	-	14 959
LUMS GRANT	513 210	-	-	-	-	-	513 210
LEDF	5	-	-	-	-	-	5
MINI FACTORY	5 277	-	-	-	-	-	5 277
FREE BASIC ELECTRICITY	485 430	3 600 000	-	-	3 992 156	-	93 274
MAP	113 468	-	-	-	43 187	-	70 281
ROAD PROJECTS	1 961	-	-	-	-	-	1 961
MAYORAL INAUGURATION	-	-	-	-	-	-	-
CDW	262	-	-	-	-	-	262
PMS	64	-	-	-	-	-	64
FINANCIAL INTERNS	46 518	365 447	-	-	400 424	-	11 540
ENVIRONMENTAL PLANNING	-	-	-	-	-	-	-
CROSS SECTORIAL THEM	-	-	-	-	-	-	-
PROPERTY RATES ACT	195 782	80 548	-	-	-	-	276 330
HALLS MAINTANANCE	-	-	-	-	-	-	-
LOW COST HOUSING	-	800 000	-	-	-	-	800 000
CCI	-	-	-	-	-	-	-
COMMUNITY PROJECTS	31 453	-	-	-	9 632	-	21 820
SPORTS AND RECREATION	-	153 959	-	-	-	-	153 959
SPATIAL PLANNING	-	-	-	-	-	-	-
KZN PANEL SUPPORT	185 960	-	-	-	113 000	-	72 960
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	5 965 393	4 988 000	-	-	-	10 421 570	531 823
SOCIAL SERVICES	-	36	-	-	-	-	36
CRIME AWARENESS	-	-	-	-	-	-	-
YOUTH/GENDER	-	-	-	-	-	-	-
HIV/AIDS AWARENESS	-	50 000	-	-	-	-	50 000
SCHOOL SUPPORT	-	-	-	-	-	-	-
LIBRARY	352 248	-	-	-	-	326 463	25 785
MUNICIPAL ESTABLISHMENT	2 094	-	-	-	-	-	2 094
GIS	-	-	-	-	-	-	-
MFMA	45 000	-	-	-	44 289	-	711
PMS	-	-	-	-	-	-	-
LED PROJECTS GUJIMA	-	-	-	-	-	-	-
MATHEBENI ROAD	-	-	-	-	-	-	-
THAMELA ROAD	-	500 000	-	-	-	-	500 000
HOUSING ZWELISHA/CR	-	-	-	-	-	-	-
HOUSING LOCH-SLOY	-	-	-	-	-	-	-
HOUSING SOBABILI	-	-	-	-	-	-	-
HOUSING GOODHOME	-	-	-	-	-	-	-
HOUSING PHANGWENI	-	-	-	-	-	-	-
HOUSING MOEDANDABA	-	-	-	-	-	-	-
INPUT VAT	-	-	-	-	-	-	-
SATELLITE OFFICE	2 550	-	-	-	-	-	2 550
IDP GRANT	2 518	-	-	-	-	-	2 518
VAT SUSPENSE	-	-	-	-	-	-	-
GUJIMA AGRICULTURAL	310 502	-	-	-	310 502	-	-
GUJIMA TOURISM DEV	22 936	-	-	-	-	-	22 936
GUJIMA LOCAL ECONOMIC DEVE	-	-	-	-	-	-	-
WATER SURVEY	68 694	-	-	-	-	-	68 694
SETA	22 030	-	-	-	-	-	22 030
GRANT HOUSING	256 666	-	-	-	256 666	-	-
HOUSIGN/CROSS SECTION THEMES	13 935	-	-	-	-	-	13 935
MFMA - DTLGA	-	-	-	-	-	-	-
MFMA - NATIONAL TREASURY (FINANCIAL INTERNS)	-	-	-	-	-	-	-
INTERDEPARTMENTAL MONITORING GRANT	73 915	-	-	-	5 000	-	68 915
FINANCIAL SYSTEM GRANT	145 931	-	-	-	54 255	-	91 676
DEPARTMENT OF HOUSING	30 314	-	-	-	-	-	30 314
DBSA	35 000	-	-	-	-	-	35 000
CARRY OVER THAMELA ROAD	-	-	-	-	-	-	-
CARRY OVER MATHEMBENI ROAD	-	-	-	-	-	-	-
DTLGA DEVELOPMENT CAPACITATION GRANT	251 743	-	-	-	-	-	251 743
GIS A&L	136 034	-	-	-	-	20 356	115 678
HOUSING ZWELISHA	11 782 116	-	-	-	-	2 069 294	9 712 822
HOUSING LOCH-SLOY	7 816 386	-	-	-	-	-	7 816 386
HOUSING SOBABILI	-	-	-	-	-	-	-
HOUSING GOODHOME	83 860	-	-	-	-	-	83 860
MPCC OPERATIONAL SUPPORT	360 000	-	-	-	360 000	-	-
UMSOBOMVU	-	-	-	-	-	-	-
TRUST FUNDS 2	-	-	-	-	-	-	-
	<b>29 387 313</b>	<b>10 537 990</b>	<b>-</b>	<b>-</b>	<b>5 589 383</b>	<b>12 837 683</b>	<b>21 498 236</b>
<b>PROVISIONS</b>							
AUDIT FEE	-	-	-	-	-	-	-
LEAVE PROVISIONS	538 371	227 298	-	-	-	-	765 669
PERFORMANCE BONUS	-	-	-	-	-	-	-
	<b>538 371</b>	<b>227 298</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>765 669</b>
<b>TOTAL</b>	<b>29 925 684</b>	<b>10 765 288</b>	<b>-</b>	<b>-</b>	<b>5 589 383</b>	<b>12 837 683</b>	<b>22 263 905</b>

IMBABAZANE MUNICIPALITY

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance at 01 July 2008 R	Received during the period R	Redeemed or written off during the period R	Balance at 30 June 2009 R
<b>EXTERNAL LOANS</b>				
Annuity Loans	-	-	-	-
Fixed Loans	-	-	-	-
	-	-	-	-
	-	-	-	-



## IMBABAZANE MUNICIPALITY

## APPENDIX C : ANALYSIS OF FIXED ASSETS

Expenditure 2008 R		Budget 2009 R	Balance at 01.07.2008 R	Expenditure 2009 R	Written off transferred R	Balance at 30.06.2009 R
7 341 565	General Services	7 828 010	36 476 674	10 869 048	-258 870	46 738 035
7 341 565	Community Services	7 828 010	36 476 674	10 869 048	-258 870	46 738 035
0	Administration	0	19 439	0	0	19 439
3 967 722	Buildings	6 450 000	11 591 625	0	0	11 591 625
443 418	Furniture	0	748 166	55 724	45 493	758 397
184 310	Motor Vehicles	1 255 410	2 304 436	1 150 818	-433 279	3 021 975
325 264	Office Equipment	122 600	1 829 331	173 586	101 916	1 901 002
0	Council General Expenses	0	95 003	0	0	95 003
0	Municipal Manager	0	34 687	0	0	34 687
0	Finance	0	23 000	0	0	23 000
0	Planning	0	19 298	0	0	19 298
2 420 851	Halls	0	10 044 953	720 451	0	10 765 404
0	FBS,LUMS,CCI,LED, FBE	0	0	0	0	0
0	HOUSING Services	0	0	0	0	0
0	Plant & Equipment	0	896 694	4 500	27 000	874 194
0	Roads	0	8870042	8 763 969	0	17 634 011
0	Subsidised Services	0	0	0	0	0
0	Health & Refuse	0	0	0	0	0
0	Library	0	0	0	0	0
0	Economic Services	0	0	0	0	0
0	Cleansing	0	0	0	0	0
0	Sewerage	0	0	0	0	0
0	HOUSING	0	0	0	0	0
0	Economic	0	0	0	0	0
0	Sub-Economic	0	0	0	0	0
0	TRADING SERVICES	0	0	0	0	0
0	Electricity	0	0	0	0	0
0	Water	0	0	0	0	0
0	PUBLIC IMPROVEMENT FUND	0	0	0	0	0
7 341 565	TOTAL FIXED ASSETS	7 828 010	36 476 674	10 869 048	-258 870	46 738 035
7 935 432	LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		36 476 672	10 869 048	607 688	46 738 033
0	Loans redeemed		0	0	0	0
4 423 230	Contributions from ex operating income		8 633 340	1 155 318	527 688	9 260 970
2 420 851	Grants & Subsidies		25 260 349	9 621 752	0	34 882 101
497 483	Donations		1 981 483	91 979	80 000	1 993 462
593 868	EXTERNAL LOAN		601 500	0	0	601 500
0	Contribution from Equity. Reserve		0	0	0	0
0	Contributions for CBPW - PIA		0	0	0	0
0	Public Contributions		0	0	0	0
0	Miscellaneous		0	0	0	0
-593 867	NET FIXED ASSETS		2	0	-866 558	2



## IMBABAZANE MUNICIPALITY

## APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE  
FOR THE YEAR ENDING 30 JUNE 2009

Actual 2008 R		Actual 2009 R	Budget 2009 R
	<b>INCOME</b>		
	<b>Government and Provincial grants and subsidies</b>		
<b>53 762 120</b>		<b>38 516 058</b>	<b>51 701 208</b>
19 817 496	- Equitable share	28 984 696	22 563 000
33 944 624	- National / Provincial Government	9 531 362	29 138 208
-	- Public / Local Government	-	-
-	<b>Operating Income</b>	-	-
-	- General Rates	-	-
-	- Rates Penalties	-	-
-	- Collection Charges	-	-
-	- Electricity services	-	-
-	- Refuse Removal	-	-
-	- Refuse Penalties	-	-
<b>310 825</b>	<b>Other income</b>	<b>199 807</b>	<b>133 000</b>
81 405	- Rent Income	97 307	63 000
-	- Donation Received	-	-
-	- Discount Received	-	-
-	- Tender Monies	-	70 000
229 420	- Proceeds from sale of Assets	102 500	-
-	- Surplus Funds	-	-
-	- Equity Share	-	-
-	- Sundry income	-	-
<b>127 765</b>	Interest earned	<b>1 662 935</b>	<b>1 847 723</b>
<b>54 200 710</b>	<b>TOTAL INCOME</b>	<b>40 378 799</b>	<b>53 681 931</b>
	<b>EXPENDITURE</b>		
	<b>OPERATING EXPENDITURE</b>		
10 030 952	Salaries, wages and allowances	12 523 329	10 955 451
4 837 272	General expenses	9 817 405	6 700 396
965 945	Repairs and maintenance	1 167 764	1 814 269
-	Capital charges	-	-
310 356	Contributions to fixed assets/ex revenue	1 145 460	1 375 010
38 419 003	Contributions to funds/capital	15 632 858	32 836 805
54 563 528	Gross operating expenditure	40 286 816	53 681 931
-	Less : Amounts recharged	-	-
<b>54 563 528</b>	<b>Net operating expenditure</b>	<b>40 286 816</b>	<b>53 681 931</b>
<b>(362 818)</b>	<b>DEFICIT</b>	<b>91 983</b>	<b>-</b>

## IMBABAZANE MUNICIPALITY

## APPENDIX E : DETAILED INCOME STATEMENT FOR THE YEAR ENDING 30 JUNE 2009

2008 Actual income R	2008 Actual expenditure R	Surplus/ (deficit) R		2009 Actual Income R	2009 Actual expenditure R	2009 Surplus/ (deficit) R	2009 Budget Surplus/ (deficit) R
42 214 058	40 459 710	1 754 348	<b>GENERAL SERVICES</b>	40 378 799	40 286 816	91 983	53 681 931
42 214 058	40 459 710	1 754 348	<b>ADMINISTRATION</b>	40 378 799	40 286 816	91 983	53 681 931
42 214 058	27 422 872	14 791 186	Council General Expenses	40 378 799	24 700 914	15 677 885	7 260 271
0	4 055 417	-4 055 417	Administration	0	4 962 392	-4 962 392	4 452 299
0	3 075 369	-3 075 369	Finance	0	3 098 493	-3 098 493	3 186 448
0	1 029 062	-1 029 062	Technical	0	1 680 219	-1 680 219	2 036 272
0	2 161 149	-2 161 149	Community Services	0	2 270 133	-2 270 133	1 509 371
0	1 623 454	-1 623 454	Municipal Manager	0	2 814 864	-2 814 864	1 408 465
0	0	0	Planning	0	0	0	0
0	764 251	-764 251	MPCCC	0	759 801	-759 801	992 000
0	328 136	-328 136	Projects dept	0	0	0	32 836 805
0	0	0	<b>SUBSIDISED SERVICES</b>	0	0	0	0
0	0	0	Library	0	0	0	0
0	0	0	<b>ECONOMIC SERVICES</b>	0	0	0	0
0	0	0	Sewerage Conservancy	0	0	0	0
0	0	0	Sewerage Reticulation	0	0	0	0
0	0	0	<b>TRADING SERVICES</b>	0	0	0	0
0	0	0	Water	0	0	0	0
0	0	0	Electricity	0	0	0	0
<u>42 214 058</u>	<u>40 459 710</u>	<u>1 754 348</u>	<b>TOTAL</b>	<u>40 378 799</u>	<u>40 286 816</u>	<u>91 983</u>	<u>53 681 931</u>
		-508 661	Appropriations for this year (refer to note)			-3 861 470	
		<u>1 245 687</u>	<b>Net deficit for the year</b>			<u>-3 769 487</u>	
		2 580 306	Accumulated surplus beginning of the year			3 825 993	
		<u><u>3 825 993</u></u>	<b>Accumulated surplus end of year</b>			<u><u>56 506</u></u>	

## IMBABAZANE MUNICIPALITY

## Appendix F

**Statistical Information  
for the year ended 30 June 2009**
**a) General Statistics**

I	Population-Approximately	120000
II	Valuation of taxable and non taxable property	No
III	Date of last valuation	N/A
IV	Number of commercial and residential sites	0

**b) Water Statistics**

I	Number of users-commercial and residential	0
II	Kilolitres bought	0
III	Kilolitres sold	0
IV	Units lost in distribution	Nil
V	Units lost in distribution as a percentage	N/A
VI	Cost per unit bought	0
VII	Loss in distribution	N/A
VIII	Cost per unit sold (Operating expenditure/iii)	0
IX	Income per unit sold (Operating income/iii)	0

**c) Sundry Statistics**

I	Area in KM squared	852000 Km
II	Previous election number of registered voters	41950
III	Building Survey-number of building plans passed	0
	Value of building plans passed	0
	Number of inspections performed	0
	Plan fees	0
IV	Cleansing : Refuse removed and dumped	No sites
V	Roads & works: Km of roads constructed/ repaired	0km
VI	Housing: Number of houses	0

**d) Other**

I	Total Number of Wards	12
II	Total Number of Councillors	23
III	Total number of voting district	
IV	Number of employees	48
V	Number of police stations	1
VI	Number of Medical Facilities	4
VII	Number of Schools	30